

Cyfrowy Polsat IR Newsletter

25 – 31 August 2014

The press about us

Date

The press about TMT market in Poland

25.08

Rzeczpospolita: Dispute over digital channels

Consultations of the documentation on the contest to settle the eighth multiplex of digital terrestrial television prove that the decision of the National Broadcasting Council that only TVP channels will be broadcast on the new planned package of digital channels is the most controversial.

TVN argues that “allotting the entire capacity of the multiplex to TVP channels, when TVP already disposes of the whole third multiplex and 1/8 of the first multiplex, will lead to the domination of TVP on the market of channels distributed via DTT. This domination will then expand onto the market of advertising airtime sales on these channels.”

The Office of Competition and Consumer Protection postulates that capacity on the multiplex should also be given to those companies, that already broadcast SD channels on other multiplexes or possibly to new entities.

Emitel suggests that the documentation should allow for the election of an active operator of new channels (a company that does not broadcast, but manages the whole multiplex), who would influence the content of the multiplex, as he would bear the risk of a bad choice of stations given 15-year long frequency reservations.

26.08

Rzeczpospolita: Every third internet user has a tablet

According to the Mobile Report, prepared by media house MEC, the share of internet users in Poland who use a tablet has increased from 9 to 30% over the last two years.

A tablet is most frequently used to surf the net (73% of Polish internet users), to listen to music and watch films (44%) and pay games (43%).

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Parkiet: Cyfrowy Polsat

The company presented changes in the reporting of operating and financial results on its internet website dedicated to investors and analysts. In consequence Polkomtel, operator of “Plus” network, as the only mobile network will present the actual number of individual and business customers as well the number of services (RGU). The definition of active prepaid SIM cards has also changed. Only cards, which have been inserted to a handset or other device during 90 days following the settlement date and during this time made or received a call or used data transmission services.

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Parkiet: Recommendation of the government for UKE possible this week?

Following a few months’ stagnation of work on the auction of 800/2600 MHz frequencies (the so called LTE auction) its resumption seems possible. The Office of Electronic Communications (UKE) is waiting with summing up the consultations on the auction documentation for the opinion of the Ministry of Administration and Digitization (MAiC). MAiC is working on an analysis on the most efficient way to use the 800 MHz band in order to provide general, broadband access to the internet in Poland. The analysis should be ready by the end of August. According to Telko.in information, MAiC will recommend conducting the auction under the same conditions as proposed in April this year, i.e. an auction of 5 blocks in the 800 MHz band for a minimum price of PLN 250m and 14 blocks in the 2600 MHz band. Such a scenario would best suit Orange Polska and T-Mobile Polska, who wanted the frequencies to be allocated as soon as possible from the beginning.

28.08

Parkiet: TVN sees an improvement on the ad market

According to Markus Tellenbach, CEO at TVN, the group will see a better second half of this year and an improved rate of growth of TVN Group’s advertising revenue can be expected in 3Q. In 2Q TVN’s revenue from the advertising market increased by only 1,4% YoY (while the whole TV ad market grew by 5.5% during this period, as reported by Agora). Tellenbach said this was the result of the transmission of the World Cup by TVP and the strengthening of channels broadcast via DTT.

Analysts judge that the second quarter wasn’t a good one for TVN. Vaclav Kminek from Erste Group says that the company presented worse operating results compared to forecasts. Operating profit reached PLN 165m in 2Q 2014, that is 20.6% more than in the previous year, while net profit attributed to shareholders of the dominant entity was PLN 115.8m.

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According to Dominik Niszczyński from DM Raiffeisen TVN's weak advertising revenue was compensated by an increase in revenue from the digital platform nc+ in 2Q compared to 1Q, which suggests that the platform is no longer losing customers. TNV reported that at the end of 2Q nc+ platform had 2.2m customers (decrease by 6% YoY) with ARPU of PLN 67.6 (increase by 5% YoY). Revenue of the platform amounted to PLN 1.07bn (decrease by 6% YoY) and EBITDA reached PLN 221m (increase by 45% YoY).

As at the end of first half of 2014 TVN's net debt amounted to PLN 2.08bn. The company said that it does not see possibility to refinance its indebtedness at the moment. The next buy back in the amount of PLN 120-150m will take place by the end of this year.

Parkiet: Cyfrowy Polsat surprised with smartDOM results

Analysts highly assessed the quarterly results of the largest telecommunications and media group in Poland. In 2Q Cyfrowy Polsat group recorded revenue of PLN 1.75bn, EBITDA of PLN 709m and net profit of PLN 132m. Increases are mainly due to the incorporation of the mobile network Plus into the group. Łukasz Wachefko, analyst at DM Investors, estimates the organic growth of the group at ca. PLN 35m in 2Q. According to Konrad Książkowski, analyst at Espirito Santo Investment Bank, the strategy realized by the company will dominate on the telecommunications market in the future.

Revenue of the mobile network amounted to PLN 1.62bn in 2Q, 5% less than in the previous year. Revenue fell but at a slower rate compared to the other two largest networks. Plus's EBITDA decreased to PLN 708m (by 6%) and EBITDA margin amounted to 43.7% in 2Q.

29.09**Parkiet: Telecom on a light diet**

In 2Q Netia's revenue was 12% lower than in the previous year and amounted to PLN 422.2m. During that period the telecom's EBITDA amounted to PLN 119.9m (decrease by 12%) and adjusted EBITDA was PLN 125.1m (compared to PLN 140m in the previous year), while net profit amounted to PLN 8.3m, similarly as in 2Q 2013. Netia's revenue fell due to a decline in the number of clients of regulated services, slow growth of the number of services in its own network and weaker sales in the TV segment. The negative effect of the reduction of MTR rate is also visible. Over three months the number of RGUs fell by 54 thousand to 2.423m. The number of retail customers fell while the number of TV customers increased at a slower pace compared to the previous quarters – an increase of almost 2 thousand in 2Q, to almost 129 thousand.

The results of the telecom were affected by costs of one-offs (PLN 5.3m in 2Q and PLN 13.5m in 1H). Netia said it is introducing a

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The group has 6.22m customers and provided 12m services to contract customers, every customer of Cyfrowy Polsat uses 1.93 services.

Experts assessed positively the results of the smartDOM program which increases customer loyalty as well as the number of services per customers. Książopolski admitted that He did not expect such a high number of customers of the program (300 thousand customers using 1 million services).

In the television broadcasting segment the group achieved better results than TVN – Polsat increased its share in both the advertising market and audience to 24.8% and 23.6%, respectively.

Puls Biznesu: Polsat accelerates with Plus

The group achieved higher profit than anticipated and expects higher financial synergies. In 2Q revenue amounted to PLN 1.75bn (137% more compared to the previous year, almost PLN 970m was contributed by Polkomtel), EBITDA reached PLN 709m and net profit – PLN 132m. This last position was a positive surprise for analysts.

- When it comes to a group with such a high level of indebtedness, as in the case of Cyfrowy Polsat, which is in addition partially denominated in foreign currencies, it is difficult to precisely forecast quarterly finance costs, a therefore also net profit. Undoubtedly, the group recorded a successful quarter with a solid growth in the pay TV and television broadcasting segments, and a slight decrease in mobile telephony, in line with the market – assesses Tomasz Krukowski, analyst at Deutsche Bank.

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savings program Netia Light and confirmed a change in management. Jonathan Eastick will be replaced as CFO by Paweł Szymański, until now vice—president of the land development company Marvipol.

Due to a faster than anticipated fall in revenue the management board decided to lower its revenue forecast for 2014 to PLN 1.675bn from PLN 1.735bn. The EBITDA forecast remains unchanged at PLN 505m.

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Due to good results Cyfrowy Polsat raised estimated financial synergies, possible to achieve thanks to the merger with Polkomtel. At the moment of acquisition of the telecom they were estimated at PLN 500m.

– We have already achieved 90% of synergies assumed in November. Now we estimate, than until 2019 financial synergies will amount in total to PLN 700m – says Tomasz Szeląg, member of the management board at Cyfrowy Polsat.

Following the lat refinancing of loans and bonds, 70% of the group's debt is denominated in the Polish currency. As at the end of 2Q nominal value of debt reached PLN 11.23bn, i.e 2.8x EBITDA.

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Latest events

Current report No. 62 August 26, 2014

Information on convening an Extraordinary General Meeting of the Company

The Management Board of Cyfrowy Polsat S.A. (the "**Company**") hereby notifies that the Company's Extraordinary General Meeting is to be held on September 23, 2014, at 12.00 pm CET, in Warsaw, at the registered office of the Company at ul. Łubinowa 4A.

Agenda of the Extraordinary General Meeting:

1. Opening of the Extraordinary General Meeting.
2. Appointment of the Chairman of the Extraordinary General Meeting.
3. Drawing up an attendance list, confirming that the Extraordinary General has been properly convened and is able to adopt valid resolutions.
4. Appointment of the Ballot Counting Committee.
5. Adoption of the agenda of the Extraordinary General Meeting.
6. Adoption of the resolution on the amendment of the Company's Articles of Association and authorization of the Supervisory Board to determine the consolidated text of the Company's Articles of Association.
7. Closing of the Extraordinary General Meeting.

Suggested amendments to the Company's Article of Association

1. Amendment of Art. 8 of the Company's Articles of Association

Hitherto wording:

"Art. 8

Share capital of the Company amounts to 13,934,113.44 (thirteen million nine hundred thirty four thousand one hundred and thirteen 44/100) zlotys, and is divided into 348,352,836 (three hundred forty eight million three hundred fifty two thousand eight hundred and thirty six) shares of face value of four groszy (0.04 zlotys) each, including:

- *2,500,000 (two million five hundred thousand) registered shares series A, privileged as to the voting rights, identified by the numbers A No. 1 - 2,500,000. Each A series share gives a right to two (2) votes in a General Meeting.*
- *2,500,000 (two million five hundred thousand) registered shares series B, privileged as to the voting rights identified by the numbers B No. 1 - 2,500,000. Each B series share gives a right to two (2) votes in a General Meeting.*

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- 7,500,000 (seven million five hundred thousand) registered shares series C, privileged as to the voting rights identified by the numbers C No. 1 - 7,500,000. Each C series share gives a right to two (2) votes in a General Meeting.
- 175,000,000 (one hundred seventy five million) shares series D, identified by the numbers D No. 1 - 175,000,000 including:
 - a) 166,917,501 (one hundred sixty six million nine hundred seventeen thousand five hundred and one) registered shares, privileged as to the voting rights in a manner that each of the shares entitles to two (2) votes in a General Meeting identified by the numbers D No. 1 - 166,917,501,
 - b) 8,082,499 (eight million eighty two thousand four hundred and ninety nine) bearer shares identified by the numbers D No. 166,917,502 - 175,000,000.
- 75,000,000 (seventy five million) ordinary, bearer shares series E identified by the numbers E No. 1 - 75,000,000.
- 5,825,000 (five million eight hundred twenty five thousand) ordinary, bearer shares series F identified by the numbers F No. 1 - 5,825,000.
- 80,027,836 (eighty million twenty seven thousand eight hundred and thirty six) bearer shares identified by the numbers H No. 1 - 80,027,836."

Proposed wording:

"Art. 8

Share capital of the Company amounts to 25,581,840.64 (twenty five million five hundred eighty one thousand eight hundred forty 64/100) zlotys, and is divided into 639,546,016 (six hundred thirty nine million five hundred forty six thousand sixteen) shares with a nominal value of 4 (four) groszy (0.04 PLN) each, including:

- 2,500,000 (two million five hundred thousand) series A registered shares, privileged as to the voting rights, identified by the numbers A No. 1 – 2 500 000. Each series A share gives a right to two (2) votes in a General Meeting.
- 2,500,000 (two million five hundred thousand) series B registered shares, privileged as to the voting rights, identified by the numbers B No. 1 – 2 500 000. Each series B share gives a right to two (2) votes in a General Meeting.

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- 7,500,000 (seven million five hundred thousand) series C registered shares, privileged as to the voting rights, identified by the numbers C No. 1 – 7 500 000. Each series C share gives a right to two (2) votes in a General Meeting.
- 175,000,000 (one hundred seventy five million) series D shares, identified by the numbers D No. 1 – 175 000 000, including:
 - a) 166,917,501 (one hundred sixty six million nine hundred seventeen five hundred one) registered shares, privileged as to the voting rights in such a way that each of these shares gives the right to 2 (two) votes at the General Meeting, identified by the numbers D No. 1 – 166 917 501
 - b) 8,082,499 (eight million eighty two thousand four hundred ninety nine) bearer shares, identified by the numbers D No. 166 917 502 – 175 000 000.
- 75,000,000 (seventy five million) series E bearer shares, identified by the numbers E No. 1 – 75 000 000.
- 5,825,000 (five million eight hundred twenty five thousand) series F bearer shares, identified by the numbers F No. 1 – 5 825 000.
- 80,027,836 (eighty million twenty seven thousand eight hundred thirty six) series H bearer shares, identified by the numbers H No. 1 – 80 027 836.
- 47,260,690 (forty seven million two hundred sixty thousand six hundred ninety) ordinary series I bearer shares, identified by the numbers I No. 1 – 47 260 690.
- 243,932,490 (two hundred forty three million nine hundred thirty two thousand four hundred ninety) ordinary series J bearer shares, identified by the numbers J No. 1 – 243 932 490.”

2. Amendment of Art. 15, sect. 1 of the Company’s Articles of Association

Hitherto wording:

„Art. 15 sect. 1 The Management Board shall be composed of one (1) member, including the President of the Board.”

Proposed wording:

„Art. 15 sect. 1 The Management Board shall be composed of 1 (one) or more members, including the President of the Board and the Vice-President of the Board.”

Latest events

Current report No. 62
August 26, 2014

3. Amendment of Art. 16 of the Company's Articles of Association

Hitherto wording:

„Art. 16

The following are entitled to issue statements on behalf of the Company:

- in the case of one person board - the President of the Board acting solely,*
- in the case of group board - the President of the Board acting solely, two members of the Board acting jointly, or a member of the board acting jointly with a proxy.”*

Proposed wording:

„Art. 16

The following are entitled to issue statements on behalf on the Company:

- in the case of one person board - the President of the Board acting solely,*
- in the case of a group board - the President of the Board acting solely, the Vice-President of the Board acting jointly with a proxy, or a member of the board acting jointly with a proxy.”*

The Management Board of the Company encloses to this current report as follows:

- [Notice of the Extraordinary General Meeting](#) prepared pursuant to Article 402(2) of the Commercial Companies Code.
- [Draft resolutions](#) to be adopted by the Extraordinary General Meeting convened on September 23, 2014.

The Company makes all information concerning the Extraordinary General Meeting available on its website at <http://www.cyfrowypolsat.pl/>, subpage: Investor Relations, tab: General Shareholders Meeting / Materials.

Latest events

Press release
August 26, 2014

Pre-release of new series and programs of Telewizja Polsat and Telewizja Polska on IPLA

The largest online television in Poland will offer pre-releases of hit programs of the autumn scheduling of television stations. Viewers of the platform will see new episodes of popular series and programs of Telewizja Polsat and Telewizja Polska on computers, mobile devices, set-top boxes and Smart TV. IPLA prepared a special surprise – IPLA users will be able to watch exclusive behind-the-scenes materials and interviews with their favorite actors free of charge.

Selected productions of Telewizja Polska will be included in the dedicated package IPLA PREMIERY. The monthly fee of the package is PLN 9.90 and access to a single episode (outside the package) is PLN 4.90.

Press release
August 26, 2014

Cyfrowy Polsat: unlimited Internet Power LTE from PLN 29.90

From August 26 2014 Internet Power LTE, that is unlimited Internet in LTE technology, is available from Cyfrowy Polsat also in the two lowest subscription fees of PLN 29.90 and PLN 49.90 per month. Using LTE Internet without any limits is possible throughout the entire term of the contract – during the first 6 months of contract the service is completely free of charge, afterwards it costs PLN 10 monthly.

Similarly to all other Power LTE tariffs, also the new offer includes different classes of service, which allow to manage efficiently the quality of the net in cases of its overload. Until the exhaustion of the basic package, data is transferred with maximum available speed, afterwards this user may continue to use the Internet without limits provided that he remains within the coverage of LTE Internet. Depending on the chosen subscription, data transfer occurs with a varied maximum speed – for the subscription fee of PLN 49.90 the maximum speed is 5 Mb/s, while in the case of the PLN 29.90 subscription fee – up to 1 Mb/s.

Latest events

Press release
August 28, 2014

Cyfrowy Polsat Group: excellent operating and financial results for 2Q 2014

Cyfrowy Polsat Capital Group presents excellent

operating and financial results for 2Q 2014. For the first time Cyfrowy Polsat consolidates the results of Polkomtel, owned since May this year following the acquisition of Metelem Holding Company Limited. The Group also recorded its first successes in the sale of the program smartDOM, unique on the Polish market, and achieved assumed synergies.

Key operating and financial data

Cyfrowy Polsat Group in 2Q:

- stable contract customer base of 6.2m;
- ARPU per customer was PLN 85.3;
- consistently increasing indicator of RGU saturation per customer reaching 1.93;
- stable churn at 8.8%;
- excellent sales within the framework of smartDOM program;
- over 300 thousand smartDOM customers;
- over 1 million RGUs provided to those customers;
- smartDOM positively affects sales of stand-alone services in our standard offers;
- smartDOM positively affects ARPU per contract customer;
- solid financial results:
 - revenue: PLN 1.8bn
 - EBITDA: PLN 709m
 - EBITDA margin: 40.6%
- recorded a high audience share of Telewizja Polsat of 23.6% and a growing share in the advertising market reaching 24.8%;
- continued to realize operating synergies and realized almost completely the announced financial synergies.

Latest events

Press release August 28, 2014

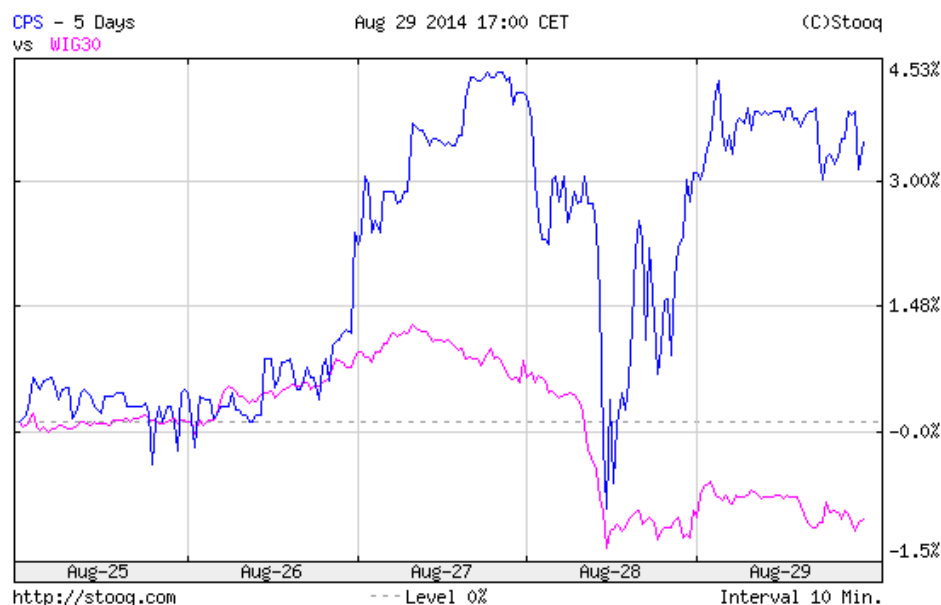
In the second quarter of this year we closed with success the largest transaction on the Polish market, and one of the largest in Europe, by acquiring Metelem Holding Company Limited, thus opening a new chapter in the history of our Group. We continued the process of integrating both our companies in order to achieve the announced synergies. The first effects are already visible. A stable contract customers base is the foundation of our multioperator strategy, aiming to maximize the sales of products and services per customer and outstanding sales results of the smartDOM program only confirms that we chose the right direction. At this point of our strategy it is crucial that ours is the largest LTE network in Poland and that we are the ones setting trends in its development. – says Dominik Libicki, CEO at Cyfrowy Polsat S.A. and Vice-president of the Management Board of Polkomtel Sp. z o.o.

– This quarter is yet another quarter of excellent financial results. Growth of revenue and EBITDA is not only the result of consolidating the results of Metelem group but also of a stable growth of our business, while EBITDA growth is additionally driven by consistent cost discipline. We have already achieved the announced synergies to a significant extent, therefore we raise expected financial synergies to PLN 700m in total until 2019. Thanks to refinancing our debt, we have significantly reduced costs of financing everyday operations of the Group, which will positively affect our future results – comments Tomasz Szeląg.

- The presented results, the pace of integration of the companies and realization of synergies between Cyfrowy Polsat and Polkomtel outline very good growth perspectives in future quarters and years. Many strong positions in our portfolio – the smartDOM offer, Internet Power LTE, the loyalty scheme Passport to Benefits, online television IPLA, numerous additional services – will surely build our competitive advantage in the future and strengthen the position of our Group to the benefit of our customers and shareholders – says Dominik Libicki.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
25-08-2014	24,84	24,22	24,80	1,14	2 925
26-08-2014	25,30	24,62	25,30	2,02	4 486
27-08-2014	25,82	25,25	25,75	1,78	9 042
28-08-2014	25,85	24,41	25,49	-1,01	5 665
29-08-2014	25,80	25,12	25,59	0,39	30 106



Investor's calendar

September 23, 2014

Extraordinary General Meeting